

TR Property Investment Trust Ordinary Shares

TR Property Investment Trust plc ■ Closed-ended investment trust - long only pan-European and UK direct property

Manager commentary
Marcus Phayre-Mudge
James Wilkinson



Writing the monthly commentary in the second week of August, the data feels very historic. For the record the NAV (with income) fell 4.8% and the benchmark fell 4.9% giving slight relative outperformance. The same benchmark denominated in EUR rather than GBP fell 'only' 1.9% as EUR weakened by 3% versus GBP over the month. Looking back, the resurgence of Eurozone sovereign debt issues began to boil up again during July but sentiment briefly improved following the decision to expand the European Financial Stability Fund (EFSF) as well as a new support package for Greece. However this improvement in outlook was short lived and as the month ended the risk of

contagion to Italy and beyond was becoming a central theme. Investors voted with their feet and the price movements (and intra day volatility) of early August have been dramatic.

Whilst real estate equities fell in July, the falls were modest when viewed in local currency. Whilst early August has seen significant weakness, the sector has outperformed the broader market on a relative basis. Often viewed as an adjunct to the Financials group its performance versus BBG European Financials index is impressive. Between 1st July and 12th August that index is down 19.9% whilst EPRA (in EUR) is down 11.3%. Investors may well consider that the vast majority of listed property companies have balance sheets and access to debt far improved from the dark days of 2008. The recapitalizations and restructuring of 2009 have resulted in an average LTV of only 41%. Earnings are highly visible and relatively secure (with lease lengths of 7 years on average). Forecast earnings

yields for 2001 are 6.5% whilst dividend yields are in excess of 5%.

Within the fund the overweight to the UK was beneficial as it fell 2.9% outperformed only by Norway and Switzerland. The other large components of the index, France and the Netherlands fell 3.8% and 6.1% when viewed in EUR (but -6.7% and -8.9% in GBP).

Whilst the fund had gearing of 8.5% by the month end, it also held 9% of its assets in physical property, hence it had no geared exposure to its underlying equity portfolio. The fund has made its first property acquisition since 2006, buying a multi-let office building in Vauxhall for £7.83m with a net initial yield of 6.75%. This increased the exposure of the fund to physical property from 8% to 9.2%.

The final dividend of 3.7p is payable on 2nd August.

Fund performance to 29.07.2011 (%)

	Current month	YTD	1 year	3 year	5 year		
NAV (capital only)	-5.08	+7.25	+23.50	+13.35	-7.70	NAV per share (capital only)	204.70p
FTSE EPRA/NAREIT Developed European Index (capital only, GBP)	-5.00	+5.06	+20.96	+1.065	-24.10	Share price	189.70p
Share price	-5.24	+13.32	+27.66	+25.63	-6.32	Discount	7.33%
						Yield	3.20%

Price is month-end mid-price. Source: BNP Paribas, Bloomberg. Refer to back of the monthly newsletter for monthly/annual return history vs benchmark.

Geographic allocation (%)

Austria	1.50
Belgium	1.60
Central Europe	2.40
Denmark	0.18
Finland	1.82
France	20.10
Germany	8.15
Greece	0.20
Italy	4.91
Netherlands	2.94
Norway	1.50
Other	0.54
Portugal	0.19
Russia	0.70
Spain	1.99
Sweden	9.99
Switzerland	3.70
UK	37.30
USA	0.29
Total	100.00

Asset allocation (%)

UK Direct Property	8.97
Continental Shares	56.35
UK Shares	34.68
Total	100.00

Sector allocation (%)

	Fund
Industrial	10.19
Offices	38.78
Other	4.98
Residential	7.08
Retail	38.97
Total	100.00

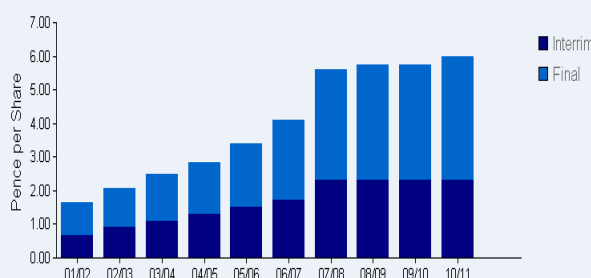
Figures above shown on a look-through basis.

Fund performance 30.12.1999 to 29.07.2011



Prior to 01.09.01 the benchmark was FTSE Real Estate index and prior to 01.04.07 it was the S&P Citigroup European Property Index. Source: BNP Paribas, EPRA.

Dividend history 28.02.2001 to 29.07.2011



Prior to 01.09.2001 the benchmark was FTSE Real Estate Index and prior to 01.04.2007 it was the S&P Citigroup European Property Index. Source: BNP Paribas.

Top 10 holdings (%)

Unibail	14.2
Land Securities	8.2
British Land	5.5
Corio	4.5
Hammerson	3.9
Kleppierre	3.2
Derwent	2.8
Castellum	2.3
Segro	2.2
Fonciere Des Regions	2.2

Key facts

Fund objective: The investment objective of the trust is to maximise total returns by investing in Pan European equities and UK direct property, focusing on long term capital and income growth.

Net Assets (Mn): £524.5mn

Net gearing: 8.56%

NAV frequency: Daily

Dealing: Daily (stockmarket)

Legal status: UK Investment Trust

Listing: London Stock Exchange

Dividends: January, July

Initial charge: Nil

Management fee: £2.65m p.a plus 0.20% net of assets p. a.
Performance fee: 15% of outperformance of benchmark plus 2% hurdle

Investment manager: Thames River Capital LLP

Stockbroker: Cenkos Securities plc

Administrator: BNP Paribas

Contact: c/o Angelique Eilo, TRC

Email: aeilo@thamesriver.co.uk

Registrar: Computershare Investor Services plc

IMPORTANT NOTICE - REGULATORY INFORMATION AND RISK WARNINGS

This document is issued for information only by Thames River Capital LLP ("Thames River, the "Firm"), the Funds Business of the F&C Group. The Firm is authorised and regulated by the Financial Services Authority ("FSA"). Content relating to unregulated collective investment schemes is only directed at Eligible Counterparties, Professional Clients or investors meeting the FSA's COBS 4.12 categories. It must not be relied upon by non-qualifying persons. It does not constitute an offer by the Firms to enter into any contract/agreement nor is it a solicitation to buy or sell any investment. Nothing in this document should be deemed to constitute the provision of financial, investment or other professional advice in any way. The contents of this document are based upon sources of information believed to be reliable, however, save to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given as to its accuracy or completeness and, the Firms, their members, officers and employees of the corporate member do not accept any liability or responsibility in respect of the information or any views expressed herein. All data is sourced from the Firm unless otherwise indicated. This document may include forward-looking statements that are based upon the managers' current opinions, expectations and projections. The Firms undertake no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. This document is not aimed at persons who are residents of any country, including the United States of America ("USA") and South Africa, where the funds referred to herein are not registered or approved for marketing and/or sale or in which the dissemination of information on the funds or services is not permitted. This document should not be distributed to any third party without the express approval of the Firms and has been designed for a professional audience only.

Funds referred to herein are neither registered under the Securities Act 1933 of the USA, nor are they registered under the Investment Company Act of 1940. Consequently, they cannot be offered for sale or be sold in the USA, its territories, possessions or protectorates under its jurisdiction, nor to nationals, citizens or residents in any of those areas. This document should be read in conjunction with the Prospectus of the relevant fund that will exclusively form the basis of any application and an investment should not be contemplated until the risks of investment and tax implications have been considered fully. Thames River Hillside Apex Fund SPC, Thames River Isis Fund Limited, Thames River Longstone Fund Limited, Thames River Sentinel Fund, Thames River Warrior Fund, Thames River Warrior II Fund, Thames River Distressed Focus Fund, Thames River Africa Focus Fund, Thames River Property Growth & Income Fund Limited are unregulated collective investment schemes which are not recognised schemes under s.264 of the Financial Services and Markets Act 2000. The Nevsky Fund plc is an unregulated open-ended investment company with variable capital and incorporated with limited liability in Ireland. The fund is a Dublin domiciled Qualifying Investment Fund (QIF) listed on Irish Stock Exchange. Thames River Multi-Select Fund, Thames River Global Boutiques Fund and Thames River Absolute Return Fund are sub funds of Thames River Traditional Multi Funds plc, an open-ended investment company with segregated liability between sub-funds incorporated in Ireland, authorised by the Central Bank of Ireland and listed on the Irish Stock Exchange. This company is a recognised collective investment scheme under s.264 of the Financial Services and Markets Act. Thames River Hedge+ is a cell of Thames River Multi Hedge PCC Limited, listed on the London and Channel Islands Stock Exchanges. The Thames River European Absolute Return Fund, Thames River High Income Fund, Thames River Global Credit Fund, Thames River Credit Select Fund, Thames River Global High Yield Fund, Eastern European Fund, Thames River Global Emerging Markets Fund, Thames River Global Bond Fund (£), Thames River Global Bond Fund (€), Thames River Global Bond Fund (\$), Thames River Emerging Asia Fund, Thames River World Government Bond Fund, Thames River Water and Agriculture Absolute Return Fund, Thames River Real Estate Securities Fund, Thames River Global Emerging Markets Absolute Return Fund and Thames River - BSI Bond Opportunity Fund are sub-funds of Traditional Funds plc, an open-ended investment company with segregated liability between sub-funds incorporated in Ireland, authorised by the Central Bank of Ireland and listed on the Irish Stock Exchange. This company is a recognised collective investment scheme under s.264 of the Financial Services and Markets Act. TR Property Investment Trust plc is a UK investment trust listed on the London Stock Exchange.

Many of the protections provided by the United Kingdom regulatory structure may not apply to investments in these funds, including access to the Financial Services Compensation Scheme and the Financial Ombudsman Service. Past performance is not a guide to future performance. Values may fall as well as rise and investors may not get back the amount invested. Income from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. The unregulated collective investment schemes and TR Property Investment Trust plc are permitted to and use gearing as an investment strategy. The effect of such gearing is that movements in the price of the schemes will be more volatile than the movements in the prices of their underlying investments. Investors should obtain professional advice on taxation where appropriate before proceeding with any investment. Investors should be aware that investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on income and capital value. Income payments may constitute a return of capital in whole or in part. Income may be achieved by foregoing future capital growth. Fund charges may be applied in whole or part to capital, which may result in capital erosion. Investors should be aware of the additional risks associated with investment in emerging and developing markets. The prices of some investments may be extremely volatile. With the exception of TR Property Investment Trust plc and Thames River Hedge+, the funds are not traded on an exchange or recognised market and in common with some of their investments may not be readily realisable. This factor can make it difficult to obtain independent verification of the investment value and the extent of the risks to which they are exposed. (110629)

Potential investors should refer to the "Funds" page on <http://www.thamesriver.co.uk> to view current side letters relating to the schemes.

Notice to Investors:

Please note Paying Agents/Representatives for the following countries have been appointed by Traditional Funds plc in accordance with local requirements: **Germany, Austria, Switzerland, Malta, Luxembourg, Netherlands, Belgium, Sweden, Norway, France, Spain and Italy.** Local language versions of the Traditional Funds plc prospectus and simplified prospectus are available from their offices.

For a full list of Paying Agents' details, please follow the following links: <http://www.thamesriver.co.uk/Downloads/PayingAgents/UCITSIII-ClosedEnded.aspx>